

**SUBMITTED ELECTRONICALLY**

February 12, 2021

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Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Ave., NW  
Washington, DC 20051

Shagufta Ahmed  
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Office of Management and Budget  
New Executive Office Building, Room 10235  
725 17th Street, NW  
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**Re: Proposal to Extend for Three Years, With Revision, the Government Securities Dealers Reports (FR 2004; OMB No. 7100-0003)**

Ladies and Gentlemen:

The ABA Securities Association<sup>1</sup> (**ABASA**) and the Securities Industry and Financial Markets Association<sup>2</sup> (**SIFMA**) and, together, the Associations) appreciate the opportunity to respond to the Federal Reserve Board of Governor's ("Board") notice and request for comment ("Notice") published by the Federal Reserve on December 14, 2020, regarding the proposed renewal of information collection on FR 2004.<sup>3</sup> The Associations' members include primary dealers subject to this information collection requirement.

Broadly, our members support this collection of information as it provides important market information to the Federal Reserve, other regulators, and the general public. We also broadly support the changes proposed to be made to the reporting requirements.

We do have concern, however, with the proposed timing of the implementation of the reporting changes. The Notice proposes that the changes would be implemented in July (variously, July 7th, July 30th, or the July as-of dates). Dealers generally will not implement changes until the

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<sup>1</sup> The ABA Securities Association (ABASA) is a separately chartered trade association and nonprofit subsidiary of the American Bankers Association whose mission is to represent the interests of banks underwriting and dealing in securities, proprietary mutual funds and derivatives before Congress and the federal government.

<sup>2</sup> SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over \$2.5 trillion for businesses and municipalities in the U.S., serving clients with over \$18.5 trillion in assets and managing more than \$67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA).

<sup>3</sup> <https://www.federalregister.gov/documents/2020/12/14/2020-27373/proposed-agency-information-collection-activities-comment-request>

regulations and requirements are in a final form. Assuming that this proposal is finalized in the month of March, our members do not believe that there will be enough time to implement these changes in a robust fashion. Accordingly, we request that the implementation of these changes be extended and phased in by schedule, becoming effective starting in the fourth quarter of 2021, with the final go live date to be in the first quarter of 2022.

Below we provide responses to the specific comment requests in the Notice.

**a. Whether the proposed collection of information is necessary for the proper performance of the Board's functions, including whether the information has practical utility;**

We agree that the information has practical utility to providing transparency to the Board for monitoring the U.S government securities market and assisting the U.S. Department of the Treasury in its role as a fiscal agent for Treasury financing operations.

**b. The accuracy of the Board's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;**

The Board's estimates are in line with the time spent for producing the reporting outlined for each schedule by our members. However, due to the timing of the proposal, the implementation of the information collection presents significant challenges (see response to (e) below).

**c. Ways to enhance the quality, utility, and clarity of the information to be collected;**

We would recommend that the "Contents for FR2004 Instructions" be updated to clarify the requirements set forth in the proposed changes, including, specifying the products which should be included in each new row and column as well as what should be included in fields where these were part of a broader product area. In addition, where similar questions arise, it would benefit the industry to have FAQs published and routinely refreshed to provide further guidance and ensure consistency across the industry. Finally, upon the publication of the final requirements, we request that the FR2004 Forms are published with updated rows and columns reflecting the changes.

**d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and**

We agree that the use of automation to populate the templates reduces the burden of information collection. However, the proposed changes to the schedules will increase the effort required to ensure the completeness and accuracy of information. The implementation of additional columns and rows will result in more manual checks being required to validate such numbers.

**e. Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.**

Due to the late timing of this proposal, being published in December 2020, firms were not able to anticipate implementation timing and costs in their budget and planning for 2021. The

implementation of the proposal must now be assessed against other initiatives that firms had prioritized for the year.

We estimate that the startup costs and maintenance will affect the following areas:

- (1) Technology changes, including development and testing; and
- (2) Operational overhead, including technology requirements and updates/enhancements to supervisory procedures and controls.

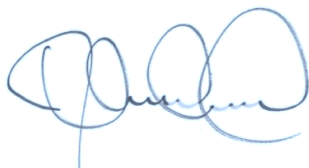
The changes as outlined will require efforts to be made by all parties and it would benefit the industry to roll the changes out in a phased approach by report schedule, given that the resources required to make the changes would be approximately the same for each schedule. Given the limited time to implement the proposed, but not final, changes by July 7, the anticipated effective date leaves little time for firms to make the necessary changes. A phased approach with an extended timeframe (starting earliest 4<sup>th</sup> Quarter with go live of 1<sup>st</sup> Quarter 2022) would allow for the necessary changes to be made along with testing to ensure completeness and accuracy.

Finally, while limited changes are being proposed for many of the report schedules, Schedule C has significant changes and, if additional attributes are required to be sourced, these changes would increase the lead time required for implementation. It is estimated that it could take well up to 4-5 weeks *per schedule* to fully implement the changes as proposed, for a total of approximately 16 weeks for full final implementation. We do not believe this will provide sufficient time for dealers to implement these changes. Accordingly, we propose that the July effective dates be replaced by a phased approach with an extended timeframe starting in the fourth quarter of 2021 with final go live in 1st Quarter 2022. This would allow for the necessary changes to be made along with testing to ensure completeness and accuracy.

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Thank you for your consideration of our views and recommendations. If you have any questions or require any additional information, please do not hesitate to contact the Justin Underwood at 202-663-5273 ([junderwood@aba.com](mailto:junderwood@aba.com)) or Rob Toomey at 212-313-1124 ([rtoomey@sifma.org](mailto:rtoomey@sifma.org)).

Sincerely,



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